



4. During the period from March 22, 2004 through June 3, 2004 while the application for renewal of registration was pending, Slender Lady Inc. sold four franchises to California residents in violation of Corporations Code section 31110.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that Bruce Sharpe and Slender Lady Inc. sold franchises in California that were subject to registration under the Franchise Investment Law without first being registered, in violation of Corporations Code section 31110. Pursuant to section 31402 of the Corporations Code, Bruce Sharpe and Slender Lady Inc. are hereby ordered to desist and refrain from the further offer or sale of Slender Lady franchises unless and until the offers have been duly registered under the Franchise Investment Law .

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies and provisions of the Franchise Investment Law.

Dated: April 12, 2005  
Sacramento, California

WAYNE K. STRUMPFER  
Acting California Corporations Commissioner

By ALAN WEINGER  
Acting Deputy Commissioner  
Enforcement Division

**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

**TO:** Bruce Sharpe  
Slender Lady Inc.  
45 NE Loop 410, Suite 501  
San Antonio, Texas 78216

File No. 995-3079

**ORDER DENYING EFFECTIVENESS OF FRANCHISE REGISTRATION  
APPLICATION AND REVOKING CURRENT REGISTRATION**

**(Corporations Code section 31115)**

Based upon the findings presented in the Statement in Support of Order Denying Effectiveness of Franchise Registration Application and Revoking Current Registration dated April 12, 2005, the application for renewal of registration of the offer and sale of franchises filed by Slender Lady, Inc. on March 28, 2005 is hereby denied until further order of the California Corporations Commissioner and the registration of the offer and sale of franchises by Slender Lady, Inc. approved by the Department of Corporations on June 3, 2004 is hereby revoked until further order of the California Corporations Commissioner.

Dated: April 12, 2005  
Sacramento, California

WAYNE K. STRUMPFER  
Acting California Corporations Commissioner

By \_\_\_\_\_  
ALAN WEINGER  
Acting Deputy Commissioner  
Enforcement Division

**TO:** Bruce Sharpe  
Slender Lady, Inc.  
45 NE Loop 410, Suite 501  
San Antonio, Texas 78216

The California Corporations Commissioner finds that:

2. Bruce Sharpe was one of the founders of Slender Lady, Inc., and at all times from the date of its creation acted as one of its principal officers and directors in fact, exercising management responsibility and control with regard to all facets of its operations, including the franchises offered by the company.

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2           3. The application for renewal of registration to sell franchises by Slender Lady, Inc. was  
3 pending from March 22, 2004 through June 3, 2004 when it was approved by the Department of  
4 Corporations. During the time the renewal application was pending, Slender Lady, Inc. was not  
5 registered under the Franchise Investment Law and was not exempted under Chapter 1, beginning  
6 with Corporations Code section 31100, of that law.

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8           4. During the period from March 22, 2004 through June 3, 2004, while the application for  
9 renewal of registration was pending, Slender Lady, Inc. sold four franchises to individual purchasers  
10 who are California residents in violation of Corporations Code section 31110.

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12           5. Slender Lady, Inc. sold the four franchises to individual purchasers by means of written  
13 and oral communications which included untrue statements of material fact and omitted to state  
14 material facts necessary in order to make the statements made, in the light of the circumstances under  
15 which they were made, not misleading in violation of Corporations Code section 31200. The  
16 franchise purchasers were not told that the franchises offered and sold were not registered in  
17 accordance with California law, and that Slender Lady, Inc. sold them franchises with terms different  
18 than the terms contained in the pending application.

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20           6. Slender Lady, Inc. failed to notify the California Corporations Commissioner in writing,  
21 by an application to amend the registration, that it had sold unregistered franchises and that it had  
22 sold franchise with terms different than those contained in the original application in violation of  
23 Corporations Code section 31123.

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25           7. The following representations of Slender Lady, Inc. constituted violations of Corporations  
26 Code sections 31200 or 31201:

27               a) That it would provide a trainer, who would come to the franchise location near the  
28 onset of the business and assist in generating client membership, training employees, and general

1 assistance. Once the franchises were purchased, Slender Lady, Inc. either failed to send a trainer to  
2 assist the new owners, or the trainer did not assist the new owners in the manner promised.

3 b) That it would assist in finding a location for the franchise. Once the franchises  
4 were purchased Slender Lady, Inc. failed to assist new franchise owners in finding locations for their  
5 businesses.

6 c) That there was no or a reduced advertising or marketing fee required, despite the  
7 franchise agreement reflecting there could be such a charge. Potential purchasers were told to ignore  
8 the franchise agreement concerning marketing and advertising fees or in some cases were told to  
9 cross out that section of the franchise agreement. Others were told that the marketing or advertising  
10 fee would only be instituted once they had 1000 franchises, while some potential owners were told  
11 they only had to pay a reduced fee after they had been in business six months. After the franchises  
12 were purchased Slender Lady, Inc. began to withdraw \$200 a month for a marketing and advertising  
13 fund, from franchisees' accounts without their knowledge.

14 d) That potential purchasers would receive support from the corporate office and be  
15 placed on the national website. After the franchises were purchased, Slender Lady, Inc. removed the  
16 phone numbers and email listings for all franchise locations on its national website, and in some cases  
17 punished disgruntled franchisees by entirely removing their business location from the national  
18 website.

19 e) That franchise owners were required to individually pay three music licensing  
20 companies for permission to play music at their centers. When franchise owners asked Slender Lady,  
21 Inc. about this issue, franchise owners were told how to circumvent the requirement.

22 f) That the company was creating a commercial to be aired nationally, and at no cost  
23 to the franchisees. After purchasing the franchises, Slender Lady, Inc. informed franchise owners  
24 that a commercial was created but that the franchisees would have to purchase it from the corporate  
25 office and pay to have it aired in their area.

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27 Based upon the foregoing findings, the California Corporations Commissioner is of the  
28 opinion that Slender Lady, Inc. failed to comply with certain provisions of the Franchise Investment

1 Law within the meaning of Corporations Code section 31115(a) and that the sale of the franchise  
2 would constitute misrepresentation to, or deceit or fraud of the purchasers within the meaning of  
3 Corporations Code section 31115(b).

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5 For these reasons, the California Corporations Commissioner has determined that an order  
6 should be issued pursuant to Corporations Code section 31115(a) and (b) to deny the effectiveness of  
7 the franchise registration renewal application, and revoke the current application of Slender Lady,  
8 Inc.

9  
10 Dated: April 12, 2005  
11 Sacramento, California

12 WAYNE K. STRUMPFER  
13 Acting California Corporations Commissioner

14  
15 By: \_\_\_\_\_  
16 Mary Ann Clark  
17 Corporations Counsel  
18 Enforcement Division  
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